

EXHIBIT 1

September 25, 2008, 3:12 pm

Oracle: Customers Pay Us for Stuff We'd Do Anyway

What's good for a tech company's shareholders isn't always the same as what's good for its customers. That was clear at Oracle's analyst day Thursday.



Oracle wants Wall Street to know that it swims in money

Downtown San Francisco this week has been turned into a pleasure dome for about 40,000 Oracle customers, who get to hear reassuring keynotes from bigwig tech execs, attend countless parties, and take in a concert featuring Seal, UB40, Elvis Costello and other aging rockers. All of it is supposed to make them feel good about the technology they're buying from Oracle.

Two blocks away in a meeting hall at the St. Regis Hotel, Oracle was telling a different story for a different audience. Here, Oracle execs sought to reassure financial analysts that the company's revenue and profits would stay strong through any economic downturn. The reason: so-called maintenance revenue, annual payments that customers make to Oracle for customer service and the right to upgrade to new versions of the company's software.

"We get to keep virtually all of that money," said Oracle Co-President Safra Catz. Sure, some of that goes to customer service, but Catz said that mostly customers are paying for access to the new software — and Oracle is going to develop that new software regardless of whether customers pay them maintenance fees. **For Oracle, maintenance is pretty much free money, about \$10.5 billion worth in its 2008 fiscal and about \$1.5 billion more than that this year.** "When many customers just send you money for something you're doing anyway, you literally can't help [but increase profits]," said Catz.

Juergen Rottler, Oracle's executive vice president of customer services, picked up on the fact that Catz minimized the role of his organization. "We don't take anything for granted," he said, adding that Oracle's customer-satisfaction rate has hit record levels for 13 straight quarters. Still, many businesses consider maintenance a necessary evil. And with tech departments looking for ways to cut costs, we bet that many don't feel the same way about maintenance as Oracle's investors.

-Ben Worthen

Image: Tracy O via Flickr

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Just goes to show you...a fool and their money are soon parted; and boy Oracle is sure making its customers out to be fools.

Comment by jsc2008 ~ September 25, 2008 at 5:29 pm

Sounds like she's showing off, and I wonder why. Its almost foolish of her to do so. If you break out software license sales from Oracle and look at the income statement of building and selling software, it would be a money losing operation. Software license gets sold at huge discounts, and does not recover its cost when it is sold. Its a fixed cost. It recovers its cost over time thru maintenance revenue, and that's how the company keeps building the software out further and modernizing it. So you can't just look at maintenance revenue and costs stand-alone.

Comment by anonymous - September 26, 2008 at 7:22 pm

This Catz is a cool she, not he.

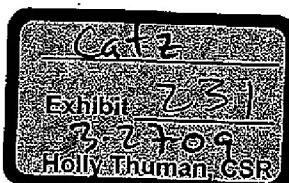
Comment by Doofus Alert - September 28, 2008 at 1:31 am

this is stupid i will not read this hiya!

Comment by Cam - October 9, 2008 at 10:40 pm

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EXHIBIT 4
 Ashley Scovyn, CSR No. 12019
 Date 12/14/11
 Witness: CATZ



<http://blogs.wsj.com/biztech/2008/09/25/oracle-customers-pay-us-for-stuff-wed-do-anyway/>

3/10/2009